



Financial Reporting Bulletin

December 2000

• **Office of Thrift Supervision** •
• **Research and Information Systems** • **Financial Reporting Division** •
1700 G Street, N.W., Washington, DC 20552

TFR DEADLINE TUESDAY, JANUARY 30, 2001

CMR DEADLINE WEDNESDAY, FEBRUARY 14, 2001

It is important that you read this bulletin and the attached materials before submitting your December TFR.

FOURTH QUARTER REGULATORY REPORTS

Report preparers should complete and transmit the December 2000 TFR as soon as possible after the close of the quarter. All schedules except CMR are due no later than Tuesday, January 30, 2001. Schedule CMR is due no later than Wednesday, February 14. ***Savings institutions that are exempt from filing Schedule CMR but choose to voluntarily file must follow the same filing deadlines as those institutions that are required to file. Institutions that fail to meet the filing deadline may not receive their interest rate risk reports for the quarter.*** We advise all voluntary filers to contact Doris Jackson (972-281-2052 or doris.jackson@ots.treas.gov) two days after transmitting their CMR, to confirm that OTS received your CMR filing.

Before submitting your report, you should check your institution information in the DPSC software, including: the name of the report preparer, telephone and fax numbers, e-mail, and web site addresses.

If you have any questions concerning the preparation of your report, please call your Financial Reporting Division contact in Dallas, Texas, or Trudy Reeves in Washington, DC, at 202-906-7317. If you have a problem with the electronic filing software or transmission, call Cheyann Houts at 972-281-2412 or Doris Jackson at 972-281-2052. If you need additional copies of the TFR form or instruction manual, call 202-906-6078, send an e-mail to tfr.instructions@ots.treas.gov, or obtain them from the OTS web site at www.ots.treas.gov/tfrpage.html.

The Financial Reporting Division of the Office of Thrift Supervision publishes the "Financial Reporting Bulletin" quarterly and distributes it to all OTS regulated institutions. The bulletin's purpose is to provide the Thrift Financial Report preparer with reporting information and guidelines. Please send comments and suggestions on this bulletin to Patrick G. Berbakos, Director, Financial Reporting Division, Research and Information Systems, Office of Thrift Supervision, at the above address, or by e-mail to patrick.berbakos@ots.treas.gov.

SFAS NO. 133

ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Recently, some questions have been raised with respect to the regulatory reporting of derivative instruments under SFAS No. 133. The effective date of SFAS No. 133 is your first fiscal year beginning after June 15, 2000. Therefore, for thrifts with a fiscal year ending on September 30, October 31 or November 30, the required adoption of SFAS No. 133 should be reflected in their December 2000 TFR. The September Financial Reporting Bulletin contains a schedule of required implementation dates. Please be aware that the following points apply once you have implemented SFAS No. 133:

Schedule SC, Statement of Condition

- You must report all derivative instruments as defined in SFAS No. 133 either as assets or liabilities at fair value, and include them in line SC690, "Other Assets", or line SC796, "Other Liabilities and Deferred Income." Where derivative instruments represent one of the three largest items comprising the total other assets or other liabilities, report them as code 20.
- Lines SC690 and SC796 should not include unamortized deferred gains and losses on hedging transactions closed prior to implementation of SFAS No. 133. You should reflect such amounts either (a) as an adjustment to the carrying amount of the hedged assets or liabilities, or (b) "derecognized" as a transition adjustment – see the second item under Schedule SO below.
- For a fair value hedge, reflect the effective portion of the accumulated fair value gain or loss on the hedged assets or liabilities (not on the derivative instruments) as an adjustment to the carrying amount of the hedged assets or liabilities. Most interest-rate sensitive assets and liabilities are "eligible" for a qualifying fair value hedge, including loans, securities, servicing assets, deposits, FHLB advances, and other borrowings.
- For a cash flow hedge, the effective portion of the accumulated fair value gain or loss on the derivative instruments is considered "accumulated other comprehensive income (loss)", which is reported on SC890, "Other components of equity capital".

Schedule SO, Statement of Operations

- Report all changes in the fair value of derivative instruments not reflected in the third and fourth items above, including the ineffective portion of the fair value gain or loss related to fair value and cash flow hedges, as either income or expense. OTS has not taken a position as to where on the income statement such amounts should be reported; that is, as interest income or expense, or noninterest income or expense. Report such amounts on the TFR in a manner consistent with that reflected in the institution's audited financial statements. Do not include such amounts on lines SO180, SO280, or SO290 - these lines are to be used only by institutions that have not yet implemented SFAS No. 133. We have eliminated these lines in the March 2001 TFR.
- Prior to the adoption of SFAS No. 133, include unamortized deferred gains and losses on closed hedging transactions as other assets or liabilities on either line SC690 or SC796. Upon adoption of SFAS No. 133, you should generally reflect such amounts as an adjustment to the carrying amount of the hedged asset or liability. In cases where it is not appropriate under GAAP to reflect such amounts as an adjustment to the carrying amount of hedged assets or liabilities, you should "derecognize" such amounts through the income statement as a transition adjustment, and include these amounts on line SO811, "Extraordinary Items, Net of Tax Effect, and Cumulative Effect of Changes in Accounting Principles".

DECEMBER 2000 SOFTWARE UPDATE ON CD ROM

We will distribute new electronic filing software in December that will contain expanded type-of-business codes for subsidiaries reported in Schedule CSS. DPSC will provide the software on CD ROM. If you are interested in receiving the software in diskette format, contact DPSC at 1-800-825-3772 extension 296. You do not need to call if you prefer to receive the software on a CD ROM. We will release the December 2000 software in Windows version only.

2001 TFR

In a press release published on November 22, 2000, OTS announced a schedule for implementing changes in the TFR, which delays the implementation of a significant portion of the changes proposed last August. We sent information on these changes to all report preparers including a copy of the 2001 TFR form earlier this month. We have placed this information and a copy of the 2001 form on the OTS web site at www.ots.treas.gov/tfrpage.html.

DECEMBER 2000 CHANGES TO THE TFR INSTRUCTION MANUAL

We have attached to this Bulletin nine updated pages of the TFR Instruction Manual. The updated pages are dated December 2000, and we have indicated revisions by a bar in the right margin. The changes are as follows:

Page 33, SC715, Unamortized Yield Adjustments on Deposits – We clarified that discounts and premiums that are related to accounting for a derivative instrument embedded in deposits as either a separate asset or liability, when required by SFAS No. 133, are included on SC715.

Page 106, SI390, Loans Serviced for Others – We clarified that servicing is included where the loans have been securitized, even if the savings association or its consolidated subsidiaries own the securities, and regardless of whether or not any servicing assets have been reported. Additionally, loans serviced by the reporting savings association or its consolidated subsidiaries for others are included where the loans have been transferred to others, but not reported as a sale.

Pages 133-134, CSS100 through CSS103, Type of Business Codes – We have added new business codes for subordinate organizations in Schedule CSS.

FILING SCHEDULE FOR 2001 REPORTS

We have attached the filing schedule for next year. Please keep it available for your use in 2001.

SOFTWARE CORNER

INSTITUTION INFO OPTION — WAIT!! Before you transmit any reports to OTS, please take a moment to verify that all your institution and report preparer information is correct, especially your business e-mail address and area code and telephone number. You can access this information by using the appropriate tabs in the Institution Info option on the OTSReporter startup screen of the DPSC filing software. The Financial Reporting Division uses this information for all communication with your institution – e-mail, phone, fax, and mail. By keeping this information current, you will help us help you more efficiently. Also you should check the Institution Web Address in this same option. If your institution has a web site (not e-mail) address, enter it in lower case text to the immediate right of the <http://www>. that is included in the software. This information is posted on the OTS website as a direct link to your institution's website. If your institution does not have a website address, do not enter anything on the Web Address line.

Direct questions or comments about this option to Doris Jackson at 972-281-2052, or Cheyann Houts at 972-281-2412.

TRANSMISSION PROBLEMS — If you experience difficulties transmitting any of your reports, try these tips before calling DPSC or OTS:

- Transmit only one report, amendment, or message at a time
- Lower the baud rate
- Try a different phone number from the pick list provided in the software

If you continue to have transmission problems, you should notify Doris Jackson at 972-281-2052, or Cheyann Houts at 972-281-2412, in addition to calling DPSC.

Please note: OTS does not grant filing deadline extensions except in the event of a natural disaster.

DALLAS OFFICE MOVE

Our Dallas office is moving. Effective January 8, 2001, the new address for the OTS Midwest Regional office and the Financial Reporting Division Dallas office will be:

**Office of Thrift Supervision
225 East John Carpenter Freeway
Las Colinas Tower II, Suite 500
Irving, Texas 75062-2731**

Our telephone numbers will be changed, but at this writing, we're not sure what they'll be. **Calls to the old telephone numbers will be referred to the new main switchboard number.** Our e-mail addresses will **not** change. So you can communicate with Financial Reporting Division staff via e-mail until we can let you know our new phone numbers.

We will send you our new telephone numbers in a Sprint message (Receive Acknowledgments/Notices in DPSC software) as soon as we move. Please check your messages after January 8th. We will also post the new numbers on our web site at www.ots.treas.gov/tfrpage.html.

According to the current move schedule, you will not be able to reach the Financial Reporting Division staff most of the day on January 4 and all day January 5.

2000 HMDA DATA COLLECTION DUE ON OR BEFORE MARCH 1, 2001

In September of this year the OTS arranged for the Federal Financial Institutions Examination Council (FFIEC) to provide free HMDA software to the industry to assist in the preparation, collection, and transmission of the 2000 HMDA data collection, which is due to OTS on or before March 1, 2001. If you have not received the software please contact Cassandra Beasley at 972-281-2411. A 2000 version of "A Guide to HMDA Reporting – Getting It Right," was deemed unnecessary since there were no major changes to Regulation C, HMDA file specifications, or HMDA edits. You can use the 1998 guide, which is the most recent version available, for collection and reporting guidance for your 2000 HMDA filing.

Questions & Answers

We post TFR Questions and Answers on the OTS web site at www.ots.treas.gov/tfrqanda.html. If you have a question that you would like to appear in this column or to which you would like an e-mail response, please submit it to tfr.instructions@ots.treas.gov.

Q&A No. 116

SUBJECT: RISK-WEIGHTING ACCRUED INTEREST**LINE(S): CCR****Date: December 19, 2000**

Question: *How should we risk-weight accrued interest? Should we include it with the asset or risk-weight it at 100%?*

Answer: You may risk-weight accrued interest with the asset against which it was accrued. However, if you cannot easily break out your accrued interest by asset type, you may risk-weight it at 100%.

Q&A No. 117

SUBJECT: OVERDRAFTS IN CASH ACCOUNTS**LINE(S): CMR675****Date: December 19, 2000**

Question: *Where should we report an overdraft in the thrift's cash account (negative cash balances) on Schedule CMR?*

Answer: In Schedule CMR you should report negative cash balances on CMR675. If this is the only amount for which you report a WAC on CMR678, you should report a WAC of one basis point (0.01%). Likewise, if this is the only amount for which you report a WARM on CMR711, you should report a WARM of one month.

Q&A No. 118

SUBJECT: MONEY MARKET MUTUAL FUNDS**LINE(S): SC140****CMR461****Date: December 19, 2000**

Question: *Where should we report Money Market Mutual Funds owned by the savings association in Schedule SC and CMR?*

Answer: Report money market mutual funds as follows:

Schedule SC on SC140 (Equity Securities Subject to SFAS No. 115)

Schedule CMR on CMR461 (Cash, Non-interest-earning Demand Deposits, Overnight Fed Funds, Overnight Repurchase Agreements) - see the instructions for CMR464.

Because you do not report money market mutual funds on CMR464, you do not report them on CMR582 (Equity Security & Non-mortgage-related Mutual Funds).

Q&A No. 119

SUBJECT: RISK WEIGHTING INTEREST-RATE CONTRACTS**LINE(S): CCR****Date: December 19, 2000**

Question: *Per CCR instructions, under Credit Equivalent Amount of Interest-Rate and Exchange-Rate Contracts, we require an association to risk weight the replacement cost of interest-rate contracts. Does this pertain to interest-rate contracts entered into, but not yet effective?*

Answer: Yes. If they are entered into, they are off-balance-sheet items, and therefore are a part of the savings institution's risk-weighted assets. You should follow the instructions for off-balance-sheet assets 12 CFR 567.6(a)(2)(v). You may also look at the instructions for the conversion of off-balance-sheet assets in Schedule CCR in the Thrift Financial Report Instruction Manual.

Q&A No. 120

SUBJECT: QUALIFYING MULTIFAMILY LOANS – ASSUMPTION**LINE(S): CCR465****Date: December 19, 2000**

Question 1: *If a different borrower assumes a “grandfathered” qualifying multifamily mortgage loan, can the institution continue to risk-weight the loan at 50 percent? (“Grandfathered” is an informal term that refers to a multifamily mortgage loan that met the definition of Qualifying Multifamily Mortgage on March 18, 1994, and continues to meet those requirements. March 18, 1994 was the effective date of a change in the definition for Qualifying Multifamily Mortgage.)*

Answer 1: Yes, provided that: (a) OTS examiners do not take exception to the underwriting or the assumption transaction, and (b) there is no adverse information about the new borrower or the security property. If the savings institution advances new funds at the time of the assumption, OTS will generally view the assumption as a new loan for this purpose, in which case it will not receive the capital treatment of a grandfathered loan. There may be some exceptions for an immaterial amount of new funds.

Question 2: *If a multifamily loan qualifies for a 50 percent risk-weight under the current rule and a different borrower assumes the loan, can the institution continue to risk-weight the loan at 50 percent using the loan and property history prior to assumption, as long as it continues to meet the qualifying criteria?*

Answer 2: Yes, provided that, (a) OTS examiners do not take exception to the underwriting or assumption transaction, and (b) that there is no adverse information about the new borrower or the security property.

SELECTED WEB SITE ADDRESSES

OTS Web Site Home Page	http://www.ots.treas.gov/
FDIC Web Site Home Page	http://www.fdic.gov/
TFR forms, the TFR Instruction Manual, Financial Reporting Bulletins, and Proposed Changes	http://www.ots.treas.gov/tfrpage.html
TFR Questions and Answers	http://www.ots.treas.gov/tfrqanda.html
Quarterly aggregate thrift industry data	http://www.ots.treas.gov/quarter.html
Asset & Liability Price Tables	
Interest Rate Projections for Capital Plans	
Interest Rate Risk Measures	
FDIC-insured institution directory and industry financial data	http://www.fdic.gov/bank/index.html
OTS institution directory	http://www.ots.treas.gov/inst/default.cfm
Institution directory and publicly available financial data for individual savings associations and commercial banks	http://www2.fdic.gov/call_tfr_rpts/
OTS Applications	http://www.ots.treas.gov/applications.html
Applications database	
Holding company database	
Application guidelines	
Annual Report of Trust Assets - publicly available data	http://www2.fdic.gov/artaweb/
Branch Office Survey/Summary of Deposits - publicly available data	http://www2.fdic.gov/sod/
Links to OTS industry statistical data	http://www.ots.treas.gov/ind-inst-data.html
Cost of Funds	
OTS Fact Book (Historical Statistical Information of the Thrift Industry)	
OTS Press Releases	http://www.ots.treas.gov/news.html
OTS Regulatory Bulletins	http://www.ots.treas.gov/bltn_regulatory.html
OTS Thrift Bulletins	http://www.ots.treas.gov/bltn_thrift.html
Links to OTS Rules and other guidance	http://www.ots.treas.gov/laws-regs.html
National Archives and Records Administration	http://www.access.gpo.gov/su_docs/aces/aces140.html#frbrowse
Links to:	
Code of Federal Regulations	
Federal Register Notices	

Please keep this schedule available for future reference

Office of Thrift Supervision
Filing Schedule for 2001 Regulatory Reports

Reporting "As Of" Date	Filing Deadline			
	Thrift Financial Report	Schedule CMR	Cost of Funds	Branch Office Survey
2001 January 31			Friday March 2	
February 28			Friday March 30	
March 31	Monday April 30	Tuesday May 15	Monday April 30	
April 30			Wednesday May 30	
May 31			Monday July 2	
June 30	Monday July 30	Tuesday August 14	Monday July 30	Monday August 27**
July 31			Thursday August 30	
August 31			Monday October 1	
September 30	Tuesday October 30	Wednesday November 14	Tuesday October 30	
October 31			Friday November 30	
November 30			Monday December 31	
December 31	Wednesday January 30, 2002	Thursday February 14, 2002	Wednesday January 30, 2002	
** Branch Office Survey materials will be mailed approximately one month prior to the due date.				

- (Advances for Taxes and Insurance). If the related loan is serviced for others, report on SC690 (Other Assets, Code 09).
2. Advances to investors for loans serviced for others prior to receipt from the borrower; report as assets on SC690 (Other Assets, Code 09).
 3. Custodial accounts held by a depositor for another (e.g., custodial account held for a minor where the parent or some other depositor is the custodian); report as deposits on SC710.
 4. IRA and Keogh accounts; report as deposits on SC710.
 5. Escrows where the funds are deposited in other depository institutions; report as liabilities on SC796 (Other Liabilities, Code 99).
 6. Unamortized deferred gains and losses on hedging transactions closed prior to adoption of SFAS No. 133.
 7. The accumulated gain or loss (the change in fair value) on escrows attributable to the designated risk being hedged on a qualifying fair value hedge under SFAS No. 133; report on SC715 (Unamortized Yield Adjustments on Deposits).

SC715: Unamortized Yield Adjustments on Deposits

Report the unamortized balance of discounts and premiums on deposits. Report the face amounts of the related deposits on SC710 (Deposits). These yield adjustments are amortized to interest expense on SO215 (Deposits).

Include:

1. Discounts and premiums resulting from initially recording purchased deposits at fair value;
2. Discounts and premiums related to accounting for a derivative instrument embedded in deposits as either a separate asset or liability, when required by SFAS No. 133;
3. The accumulated gain or loss (the change in fair value) on deposits attributable to the designated risk being hedged on a qualifying fair value hedge under SFAS No. 133; and
4. Unamortized deferred gains and losses on hedging transactions closed prior to adoption of SFAS No. 133.

This data field may be negative (*i.e.*, a debit).

Do not include:

1. Yield adjustments related to advances and borrowings; these directly reduce the related borrowing;
2. Core deposit intangibles resulting from an acquisition, merger, or change in control; report on SC660 (Goodwill and Other Intangible Assets); and
3. Deferred gains and losses on deposit hedges prior to adoption of SFAS No. 133; report on SC796 (Other Liabilities and Deferred Income, Code 03).

BORROWINGS

Adjust borrowings for deferred discounts, premiums, and issuance costs in accordance with FASB Statement of Financial Accounting Concepts No. 6, Paragraphs 236 and 237, unamortized deferred gains and losses on hedging transactions closed prior to adoption of SFAS No. 133, and the accumulated gain or loss (the change in fair value) on borrowings attributable to the designated risk being hedged on a qualifying fair value hedge under SFAS No. 133. The deferred discounts, premiums, and issuance costs are amortized to interest expense.

SC72: Total

Report the sum of SC720 through SC760. This line will be automatically computed by the electronic filing software.

SC720: Advances from FHLBank

Report all FHLBank borrowings.

Include:

1. All FHLBank advances.
2. Reverse repurchase agreements with the FHLBank.
3. Deferred commitment fees paid on FHLBank advances; these reduce the outstanding balance.

Do not include:

1. Accrued interest; report on SC766 (Accrued Interest Payable - Other).
2. FHLBank advances that have been defeased in substance in accordance with GAAP, as principally prescribed in SFAS No. 76, "Extinguishment of Debt," and FASB Technical Bulletin 84-4, "In-substance Defeasance of Debt." These advances and the related assets are not reported in the reporting savings association's Statement of Condition.

SC730: Federal Funds Purchased and Securities Sold Under Agreements to Repurchase**Include:**

1. Funds received from securities sold under agreements to repurchase that do not meet the criteria for a sale under FASB Statement No. 125, including retail repurchase, dollar-reverse-repurchase, and "dollar-roll" agreements.
2. Federal Funds Purchased.

Funds received from transactions accounted for as a sale (*i.e.*, yield maintenance, dollar-reverse-repurchase agreements and certain "dollar-roll" transactions) are included in the gain or loss on the sale. Note that the repurchase transaction and subsequent investment of these "borrowed" funds are independent transactions and, therefore, any income generated by this subsequent investment should not offset the interest expense incurred in the reverse repurchase transaction. Report interest income on SO110 (Interest Income: Deposits and Investment Securities) and interest expense on SO260 (Interest Expense: Other Borrowed Money).

Do not include:

Agreements entered into with the FHLBank; report these as FHLBank advances on SC720.

SC735: Subordinated Debentures (Including Mandatory Convertible Securities)

Report subordinated debentures and mandatory convertible securities issued by the reporting savings association or its consolidated subsidiaries net of premiums and discounts. Report issuance costs related to subordinated debentures and mandatory convertible securities on SC690 (Other Assets).

Do not include:

1. IRA and Keogh accounts reported on SI210;
2. Trusts forming part of a stock bonus, pension, or profit-sharing plan for the benefit of the reporting savings association's employees; and
3. Custodial activities under loan servicing agreements.

SI370: Number of Full-time Equivalent Employees

Report the actual number of full-time equivalent employees employed by the reporting savings association and its consolidated subsidiaries. Report the actual whole number; do not round to thousands.

SI375: Assets Held in Trading Accounts

Trading assets are defined as securities and other assets acquired and held for the purpose of sale in the near term. Trading generally reflects active and frequent buying and selling with the objective of generating profits on short-term price movements.

Trading assets may be any readily marketable asset, such as: government securities, mortgage pool securities, equity securities, bonds, notes, debentures, negotiable certificates of deposit, commercial paper, and bankers acceptances. Mortgage-backed securities that are held in conjunction with mortgage banking activities must be classified as trading assets.

All trading assets are to be reported consistently at fair value whether or not the fair value is above or below cost. Unrealized gains and losses on trading assets are recognized in current earnings on SO485 (Net Income (Loss) from: Trading Assets (Realized and Unrealized)). Fair value adjustments to trading assets must directly adjust the asset balance (*i.e.*, no valuation allowances should be set up on trading assets). Transfers from a trading classification to held-to-maturity must be recorded at fair value at the time of transfer.

SI385: Available-for-Sale Securities

Report all investments in debt securities (including mortgage securities) not classified as held-to-maturity or as trading, and all investments in equity securities that have readily determinable fair values that are accounted for pursuant to SFAS No. 115 and are not classified as trading. Do not include equity securities for which sale is restricted by governmental or contractual requirement (*e.g.*, FHLB stock).

Available-for-sale securities are reported at fair value. Unrealized gains and losses are excluded from current earnings and reported, net of taxes, as a separate component of equity on SC860 (Unrealized Gains (Losses) on Available-for-Sale Securities) until realized. In addition, report certain nonsecurity financial instruments (CNFIs) classified as available-for-sale pursuant to SFAS No. 115.

Securities transferred from the available-for-sale category to held-to-maturity must be transferred at fair value as of the date of transfer.

SI387: Assets Held for Sale

Report all assets held for sale except securities and repossessed assets. Assets held for sale must be reported at the lower of cost or market. Unrealized losses are recognized in current earnings on SO465 (Net Income (Loss) from: LOCOM Adjustments Made to Assets Held for Sale).

Assets transferred from the "for sale" category to an investment account must be transferred at the lower-of-cost-or-market as of the date of transfer.

Include:

1. Loans and participations originated or purchased by the reporting savings association and its consolidated subsidiaries with the intent to sell;

2. Assets originally held for investment but now held for sale; and
3. Assets held for sale, including real estate and branch offices, whether or not there is an outstanding commitment to sell.

Do not include:

1. Securities, which are reported on SI385; and
2. Repossessed assets.

SI390: Loans Serviced for Others

Report the principal balance of mortgage and nonmortgage whole loans and participating interests in loans serviced by the reporting savings association and its consolidated subsidiaries, but owned by others.

Include:

1. Loans that the reporting savings association or its consolidated subsidiaries sold to others but for which it performs the servicing.
2. Loans serviced by the reporting savings association or its consolidated subsidiaries for others, where the loans have been securitized, whether or not the savings association or its consolidated subsidiaries own the securities, and whether or not any servicing assets have been reported.
3. Loans serviced by the reporting savings association or its consolidated subsidiaries for others, where the loans have been transferred to others, but not reported as a sale.
4. Loans serviced by the reporting savings association or its consolidated subsidiaries under a contract to a third party who owns the servicing rights.

Do not include:

1. Loans to which the reporting savings association or its consolidated subsidiaries own the servicing rights but for which servicing has been subcontracted to a third party;
2. Loans serviced for the reporting savings association by a consolidated subsidiary or a subsidiary depository institution.

REGULATORY LIQUIDITY

Regulatory liquidity is computed for the reporting savings association consolidated with its operating subsidiaries. Operating subsidiary means any entity that satisfies all of the requirements for an operating subsidiary set forth in OTS Regulation 559.3 and that is designated by the parent savings association as an operating subsidiary. More than 50% of the voting shares of an operating subsidiary must be owned, directly or indirectly, by a federal savings association and no other persons or entity may exercise effective operating control. An operating subsidiary may only engage in activities permissible for a federal savings association. The term "operating subsidiary" does not include entities that meet the definition of a service corporation contained at OTS Regulation 559.2.

SI500: Regulatory Liquidity Ratio

Report the average daily regulatory liquidity ratio for the quarter, expressed as a percentage, calculated as follows:

Numerator = the sum of liquid assets for each calendar day in the current quarter.

Code 13 *Service Corporation*

A service corporation is any entity that satisfies all of the requirements for service corporations in 12 U.S.C. 1464(c)(4)(B) of the Home Owners' Loan Act and OTS Regulation 559.3 and that is designated as a service corporation by the investing savings association.

Code 14 *Lower-tier Entity Qualifying as a "Subsidiary"*

As defined in OTS Regulation 559.2, a lower-tier entity includes any company in which an operating subsidiary or a service corporation has a direct or indirect ownership interest. A lower-tier entity qualifies as a subsidiary if the entity is controlled directly or indirectly by the reporting savings association. The term "control" is defined in OTS Regulation 574.

Do not include entities that do not meet these criteria; report as Code 15, "Lower-tier Entity Not Qualifying as a 'Subsidiary.'"

Code 15 *Lower-tier Entity not Qualifying as a "Subsidiary"*

A lower-tier entity (as defined in OTS Regulation 559.2) does not qualify as a subsidiary if it is not controlled directly or indirectly by the reporting savings association. The term "control" is defined in OTS Regulation 574.

CSS100 through CSS103: Type of Business

Report the code that describes the type of activity (or activities) in which the entity engages (maximum of four). The activities reported here should be consistent with the activities listed in filings made to the OTS under OTS Regulation 559 for establishing or acquiring a subordinate organization or conducting new activities through an existing subordinate organization. If more than one activity is listed, report the activity generating the largest revenue first, the second largest revenue second, and so forth. Use the list of preapproved activities contained at OTS Regulation 559.4 as a reference for reporting activity codes.

CSS100 through CSS103: Type of Business***Code 01 – 29 – Not Used*****Securities Brokerage and Investment Advisory Operations*****Code 30 – Registered Broker or Dealer (Functionally Regulated)***

Subordinate organizations that are registered securities brokers and dealers with the Securities and Exchange Commission (SEC) to effect securities transactions or buy and sell securities. [Note: Do not use this code to report a subordinate organization that has an arrangement, contractual or otherwise, with a registered securities broker/dealer (see Code 34).]

Code 31 - Registered Investment Advisor (Functionally Regulated)

Subordinate organizations that are registered investment advisors with the SEC or a state. The term "investment advisor" is defined by law. Investment advisors are in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing or selling securities.

[Note: Do not use this code to report arrangements, contractual or otherwise, with a registered investment advisor (see Code 34). In addition to Code 31, also report Code 41 if the entity conducts trust operations.]

Code 32 – Registered Investment Company (Functionally Regulated)

Subordinate organizations that are registered as investment companies with the SEC under the Investment Company Act of 1940. Registered investment companies engage primarily in the business of investing, reinvesting, or trading in securities.

Code 33 – Commodities Firms/Brokers (Functionally Regulated)

Subordinate organizations that engage in commodities transactions and are regulated by the Commodities Futures Trading Commission (CFTC).

Code 34 - Third Party Nondeposit Investment Product Sales or Referral Program

Subordinate organizations that contract with a third party that markets and sells nondeposit investment products, or investment advisory or related services to retail customers. [Do not include here, subordinate organizations that are functionally regulated, such as a registered securities broker/dealer, investment advisor, or investment company (see Codes 30 thru 32) or insurance sales operations (see Codes 35 thru 37).]

Insurance Operations**Code 35 – Insurance Company or Agency (Functionally Regulated)**

Subordinate organizations that are insurance companies/agencies chartered, or licensed, and regulated by individual states. [Note: Do not use this code to report organizations that: (1) offer insurance products or services indirectly through an arrangement with an insurance company (see Code 37) or (2) underwrite insurance (see Code 36).]

Code 36 - Insurance Underwriting (Functionally Regulated)

Subordinate organizations that engage directly (not through a third party) in the business of insurance underwriting, including reinsurance. [Note: Do not include organizations that only engage in insurance agency operations (see Code 35) or third party insurance sales arrangements (see Code 37).]

Code 37 - Third Party Insurance Sales or Referral Programs or Other Non-functionally Regulated Insurance Operations

Subordinate organizations that enter into an arrangement for a third party to market or sell insurance products and related services to retail customers. These subordinate organizations are not functionally regulated entities.

Other Business Operations**Code 38 – Subsidiary Depository Institution**

Subordinate organizations that are also a depository institution (such as a savings association, state savings bank, national bank, or credit card bank). [Note: If OTS granted fiduciary powers to this entity, also report Code 41.]

Code 39 – Lending

Subordinate organizations that engage in mortgage lending, commercial lending, consumer lending or mortgage banking activities. Include finance or capital leasing activities.

Code 40 – General Leasing

Subordinate organizations that engage in general leasing activities. With general (or operating) leases, the lessor is often responsible for the maintenance of the property. [Note: Include finance or capital leasing activities in lending (Code 39).]

Code 41 – Trust and Other Fiduciary-related Services

Subordinate organization that engage in fiduciary activities, as defined in 12 CFR §550.30. Institutions and their subordinate organizations must obtain OTS approval to engage in these fiduciary activities

consistent with 12 U.S.C. 1464(n). [Note: If applicable, also report Code 31, Registered Investment Advisor.]

Code 42 – Exempt Fiduciary Services and Custodial Functions

Subordinate organizations that: (1) engage in exempt fiduciary capacities under 12 CFR §§550.580 thru 550.620 or (2) conduct custodial functions, including acting as an escrow agent. [Note: Use Code 41 to report subordinate organizations that conduct fiduciary activities listed in 12 CFR §550.30.]

Code 43 - Real Estate Development and Related Activities (Except Community Development-Related Investments)

Subordinate organizations that: (1) develop land or other real estate for sale or lease or property management or (2) acquire improved real estate or manufactured homes to be held for rental or resale, remodeling, renovating, or demolishing and rebuilding for sale or rental, or to be used for offices and related facilities of a stockholder of the subordinate organization. [Note: Do not include community development-related real estate investments and development activity (see Code 55).]

Code 44 - Management of Real Estate Owned and Other Repossessed Assets

Subordinate organizations that perform asset management and disposition services for real estate owned (REO) or other repossessed assets. REO includes: (1) real estate in judgment; (2) real estate acquired through foreclosure; (3) in-substance foreclosures; (4) real estate acquired through deed in lieu of foreclosure; or (5) any real property exchanged for foreclosed real estate.

Code 45 - Appraisal, Inspection Services

Subordinate organizations offering appraisal or inspection services.

Code 46 – Real Estate Investment Trust

Subordinate organizations organized as a real estate investment trust (REIT).

Code 47 - Agency Operations

Subordinate organizations that conduct activities, other than “as principal,” such as real estate brokerage. [Do not include subordinate organizations that are functionally regulated.]

Code 48 – Electronic Banking

Subordinate organizations that engage in e-commerce business, such as Internet access, on-line lending, web site bill payment or funds transfer, web site maintenance, account aggregation, finder services, on-line brokerage or maintenance of financial portals.

Code 49 – Digital Certificate Authority

Subordinate organizations that engage in digital certificate authority services.

Code 50 – Data Processing Service Provider

Subordinate organizations that provide data processing, data mining, or data warehousing services.

Code 51 – Application (Software) Development

Subordinate organizations that engage in software development activities, such as new technologies or modeling techniques.

Code 52 - Issuing Notes, Bonds, Debentures or Other Securities

Subordinate organizations that issue, either directly or through a third party intermediary, notes, bonds, debentures, or other instruments/securities. [Do not include organizations that only issue preferred securities (see Code 53).]

Code 53 – Issuing Preferred Securities

Subordinate organizations that issue preferred securities, such as trust-preferred or REIT-preferred securities.

Community Development-related Operations**Code 54 – Investments in a Small Business Investment Company**

Subordinate organizations that invest in entities licensed by the Small Business Administration (SBA) to operate as a Small Business Investment Company.

Code 55 – Investments in Community Development Related Real Estate

Subordinate organizations that invest in community development related real estate as authorized under HOLA 5(c)(3)(A), such as investments in low-income housing tax credit projects.

Code 56 – Charitable Foundation

Subordinate organizations that establish a nonprofit organization that is recognized by the Internal Revenue Service as organized for charitable purposes.

Code 57 - Investments in Entities Authorized by Statute to Promote Community Development

Subordinate organizations that make investments in entities authorized by statute to promote community, inner city, and community development purposes, such as investments in Community Development Financial Institutions.

Code 58 – Other Community Development Investments

Subordinate organizations that make investments: (1) in governmentally insured, guaranteed, subsidized or otherwise sponsored programs for housing, small farms, or businesses that are local in character; or (2) that meet the community development needs of, and primarily benefit, low-and moderate- income communities.

Other**Code 99 – Other**

Any activity not listed above.

CSS110: Identification Number of Subsidiary Depository Institution

If Code 10 is entered on CSS100 through CSS103, report the subsidiary depository institution's OTS docket number. If there is no OTS docket number, report the FDIC certificate number.

CSS115: Other Business Type

If Code 99 is entered on CSS100 through CSS103, describe the type of activity in which the entity engages (narrative limited to twenty spaces).

CSS120: Total Assets

Report the total assets of the entity as of the reporting date. Do not consolidate lower-tier entities. If total assets round to less than one thousand, enter a "1" in CSS120 and a corresponding entry in CSS130 or CSS140.

CSS130: Total Liabilities

Report the total liabilities of the entity as of the reporting date. Do not consolidate lower-tier entities.

CSS140: Total Capital

Report the capital of the entity as of the reporting date. Do not consolidate lower-tier entities.

CSS150: Net Income (Loss) For the Calendar Year

Report the net income (loss) of the entity on a stand-alone basis (*i.e.*, unconsolidated) for the year ending December 31.

CSS160: Gross Commitments and Contingent Liabilities

Report the outstanding gross commitments and contingent liabilities, including all transactions with affiliates.

Include:

1. Gross commitments to originate, sell or purchase loans and securities;
2. Gross commitments to purchase or sell real estate;
3. Loans-in-Process (Loans closed, but not yet disbursed);
4. Unused lines of credit; and
5. Total contingent liabilities.

Examples of contingent liabilities include:

- Guarantees of indebtedness to others;
- Standby letters of credit;
- Loans sold with recourse; and
- Litigation claims and/or assessments.